



**UNITED STATES DEPARTMENT OF COMMERCE
Under Secretary for Industry and Security**

Washington, D.C. 20230

February 14, 2003

The Honorable Edward J. Markey
House of Representatives
Washington, D.C. 20515

Dear Representative Markey:

Thank you for your January 9 letter to Secretary Evans setting forth your concerns regarding trade in dual-use nuclear technology with India. Secretary Evans has asked me to respond on his behalf.

As I mentioned when we met on February 6, it appears that your letter may have been based on a misunderstanding of the purpose of my visit to India and the objective of the U.S.-India High Technology Cooperation Group. Reiterating what we discussed, I would like to briefly describe the purpose of my trip to India and then address some of the specific issues that you raised in your letter.

As you know, in November 2001, President Bush and Indian Prime Minister Vajpayee committed to discuss ways to stimulate bilateral high-technology commerce as one of the steps toward realizing their goal of transforming U.S.-India relations. The objective of the interagency delegation to India that I headed was to discuss with Indian officials specific ways to implement this commitment. The result of our delegation's work was the establishment of the U.S.-India High Technology Cooperation Group (HTCG). This bilateral group will discuss a wide range of issues affecting U.S.-India high-technology trade, including trade promotion activities, outreach to industry in the United States and India regarding both trade opportunities and export control requirements, and steps to strengthen India's export control system.

As part of the continuing dialogue between the United States and India on high-technology trade matters, our two governments signed on February 5 a Statement of Principles for U.S.-India High Technology Commerce. (We provided you with a copy of the Statement of Principles.) While the Statement of Principles does not bind the parties to take any specific action, it does present a framework for the HTCG's activities going forward.

In the Statement of Principles, the Government of India recognizes the need to take steps to ease tariff and non-tariff barriers to high-technology trade in India, and to work in partnership with the private sectors in India and the United States to promote high-technology market opportunities in both countries. The Statement of Principles also notes India's interest in enhancing trade in dual-use items while explicitly recognizing that such trade must take place in a manner that is consistent with U.S. laws and national security and foreign policy objectives,



including our international nonproliferation obligations. The Government of India acknowledges the need to engage in a program of cooperative export control activities to achieve the goal of strengthening its export control system to accord with modern standards, and agrees to cooperate with the United States on verifying end-uses and end-users as well as to seek to ensure adherence to conditions placed on approved licenses for dual-use goods and technologies.

Your January 9 letter appears to be premised on the notion that our work with the Indians through the HTCG will involve negotiating changes to U.S. nonproliferation policies regarding the transfer of controlled nuclear technology to India. This is not the case. Rather, as I mentioned at our meeting, to the extent the work of the HTCG addresses dual-use technology, it will focus on fostering greater understanding of our respective licensing systems, seeking to improve export license processing, reviewing export licensing requirements in areas not related to nuclear or missile proliferation, and dispelling public misperceptions regarding the applicability of export controls.

Indeed, the work of the HTCG is focused on facilitating further trade in high-technology areas that do not raise proliferation concerns. While the United States has, since the lifting of sanctions in October 2001, been willing to consider ways to work with India on civil nuclear and civil space cooperation, this is being done within the limitations of our commitments under the multilateral nonproliferation regimes. We are not engaged in negotiating changes to licensing requirements for exports to India of goods or technologies controlled under the Nuclear Suppliers Group or the Missile Technology Control Regime.

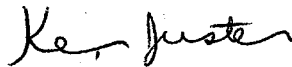
I would now like to briefly address specific issues that you raised in your letter. The 2001 revisions to the Indian sanctions have focused U.S. export controls on those Indian entities most likely involved in nuclear weapons and missile activities. With respect to India, there are now 2 primary entities and 14 specific sub-entities identified on the Entity List set forth in Supplement No. 4 to Part 744 of the Export Administration Regulations. Virtually all exports to these entities require an export license, and such licenses are reviewed by the interagency community with a presumption of approval for EAR99 items, and on a case-by-case basis for items on the Commerce Control List. There are no current plans to remove any entities from this list, or to revise the list of specific items and technologies controlled for export to India for nuclear or missile proliferation reasons. We will continue our efforts to ensure that U.S.-origin items authorized for export to India are not diverted for prohibited activities. We believe that the HTCG will enhance our ability to do this.

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In summary, we have not concluded, nor are we negotiating, an agreement with India to transfer controlled nuclear technology. Rather, we have agreed to establish a cooperation group that will identify ways to stimulate high-technology trade that does not compromise our nuclear and missile nonproliferation interests. We also have recently signed a Statement of Principles, as detailed above, that seeks to broadly advance the bilateral high-technology trade relationship between the United States and India in a manner consistent with U.S. laws, national security and foreign policy interests, and international commitments.

Thank you for your interest in this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ken Juster".

Kenneth I. Juster